

# Ruffer UK Mid and Smaller Companies

## Positive results from UK mid and smaller companies

The fund's C capitalisation shares rose 1.2% from £339.18 to £343.33 in Q3 2021. The FTSE 250 Total Return index and the FTSE Small Cap Total Return index rose 3.5% and 2.3% respectively in Q3.

The world has started to reopen, and, despite the delta variant's spread, markets have eked out new highs as economies tentatively start to return to something approaching 'normality'. The reopening has not been plain sailing though. Disrupted supply chains and the unleashing of pent-up demand has given a classic economic outcome. Supply is constrained, demand is strong, and the only way to balance the equation has been through higher prices. This has been seen the world over, costs are up almost anywhere one looks from shipping to labour, from timber to resin. This has proved very difficult for companies to navigate, and the fund has kept in close contact with portfolio companies, monitoring how they have been dealing with these unprecedented times.

There has been further evidence of increased attraction to the UK market, with further private equity money actively scouting out UK companies. However, this is still the foothills, and the UK market has yet to rerate significantly back towards peers.

The portfolio holdings have not meaningfully changed, although net £17.7m of outflows did see positions being reduced.

The main detractor from performance over the quarter was BT, which fell from a near twelve month high at the end of the last quarter, costing the fund 0.7%. News on rival builders' increasing ambitions to roll out fibre worried the market somewhat, and investors began to question whether BT could earn 12% Internal Rate of Return (IRR) on their fibre build. We were sanguine with the news and had been expecting increased build plans from the alternative network providers and Virgin. We still believe BT will be able to build faster and cheaper than any of the competition and will ultimately win the race to upgrade the UK.

The two main contributors to performance were Volex and Tesco which added 1.2% and 1.0% to performance respectively. Volex added a US acquisition, which fuelled further investor optimism for the long run growth potential of the business. We believe they will benefit from their position as a provider of cords and plugs for the charging of batteries and electric vehicles (EVs). Tesco's valuation has been supported by private equity interest in Morrisons and rumours of further private equity interest in the sector, showing the public markets were undervaluing the assets.

Inflation risks are at the front of the market's mind currently, and we continue to fear global financial support has created a system more inflation prone than ever before. We are particularly concerned at the impact real rate volatility could have on assets. Given our concerns on ever growing debt piles and pension funding risks too, we remain somewhat cautiously positioned.

The portfolio make-up has been maintained and we take comfort from its general balance sheet strength and our investments underlying market positions and roles in supporting and contributing to key elements of society. We remain actively engaged with management of all of our investments as we move to a more 'normal' new world.

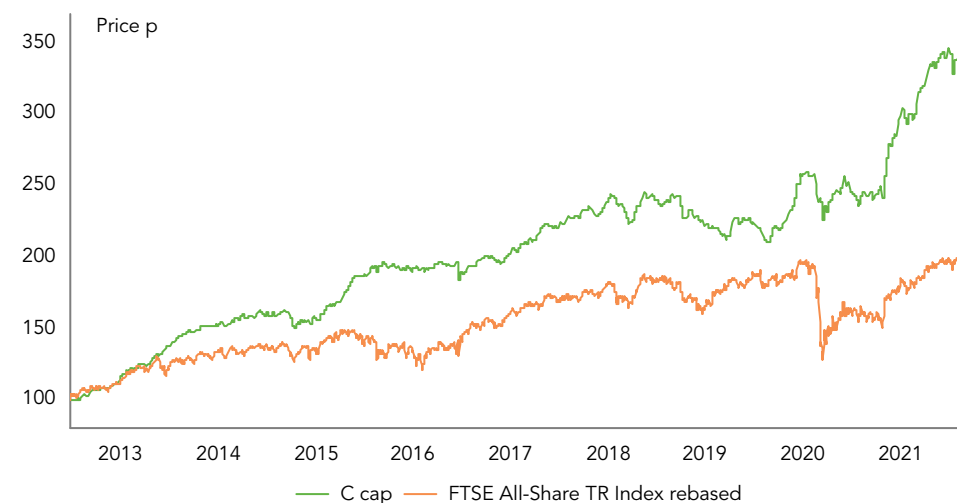
Ruffer performance is shown after deduction of all fees and management charges, and on the basis of income being reinvested. Past performance is not a guide to future performance. The value of the shares and the income from them can go down as well as up and you may not get back the full amount originally invested. The value of overseas investments will be influenced by the rate of exchange.



### Investment objective

The investment objective of the sub-fund is to achieve positive returns from an actively managed portfolio mainly of equities and equity-related securities of companies admitted to or dealt on a Regulated Market or Other Regulated Market in the United Kingdom and with market capitalisations below the level which would warrant inclusion in the FTSE 100 Index.

### Performance since launch on 26 June 2012 – C class shares GBP



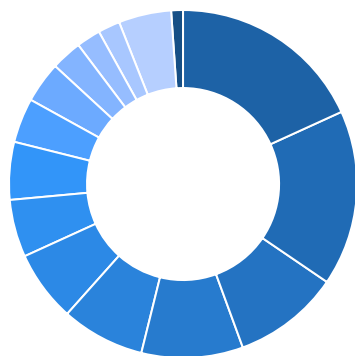
C capitalisation shares	Performance %	Share price as at 30 September 2021	p
Q3	1.2	<b>O capitalisation</b>	<b>332.62</b>
Year to date	16.0	<b>C capitalisation</b>	<b>343.33</b>
1 year	41.0	<b>C distribution</b>	<b>283.03</b>
3 years	41.2	<b>Z capitalisation</b>	<b>381.85</b>
5 years	71.3	<b>Z distribution</b>	<b>298.20</b>

12 month performance to September %	2017	2018	2019	2020	2021
C cap	16.5	4.2	-9.5	10.6	41.0
FTSE All-Share TR Index rebased	11.9	5.9	2.7	-16.6	27.9

Source: Ruffer LLP

# Ruffer UK Mid and Smaller Companies as at 30 Sep 2021

## Portfolio structure



Asset allocation	%		%
• Retail	18.3	• Support services	5.3
• Industrial engineering	16.3	• Options	4.2
• Food and beverage	9.8	• Bonds	3.8
• Industrial services	9.4	• Financial	2.8
• Building	7.8	• Real estate	2.3
• Media	6.6	• Biotechnology	2.0
• Oil and gas	5.4	• Other	4.9
		• Cash	1.1

## 10 largest of 61 holdings

Stock	% of fund	Stock	% of fund
Volex	7.4	Headlam	4.6
Tesco	7.3	Castings	4.3
Dixons Carphone	6.8	FTSE 250 Short ETP	4.2
Bakkavor	6.1	Epwin	3.9
Balfour Beatty	5.2	UK Treasury 0.125% 2023	3.6

Source: Ruffer LLP.  
Pie chart totals may not equal 100 due to rounding.

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The fund data displayed is designed only to provide summary information and the report does not explain the risks involved in investing in the fund. Any decision to invest must be based solely on the information contained in the Prospectus, Key Investor Information Document and the latest report and accounts.

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Fund size **£687.5m**

## Fund information

Ongoing Charges Figure %	Cap	Dis
O class GBP	1.60	na
C class GBP	1.28	1.28
Z class GBP	0.13	0.13

%	O class	C class	Z class
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Max annual management charge	1.5	1.2	0.0
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Maximum initial charge	5.0	5.0	7.5
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Minimum investment £	£1,000	£10m	£30m
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Record date	Third Monday of November		
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Ex dividend dates	Next NAV following the record date		
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Payment	Within five business days after ex dividend date		
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Dealing	Weekly, every Monday (if not a business day, on the following business day) Plus on the last calendar day of each month		
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Cut off	4pm Luxembourg time on the day before valuation day (so typically Friday and the penultimate business day of the month)		
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ISIN	O class	C class	Z class
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Cap	LU0788206679	LU0788036498	LU0788036654
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Dis	LU0788036571		LU0788036738
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Structure	Sub-fund of Ruffer SICAV, a Luxembourg domiciled UCITS SICAV		
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Investment manager	Ruffer LLP		
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Management company, administrative agent, registrar and transfer agent, paying and domiciliary agent	FundPartner Solutions (Europe) S.A.		
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Custodian	Pictet & Cie (Europe) S.A.		
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Auditors	Ernst & Young S.A.		
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## Fund Managers

### Trevor Wild

RESEARCH DIRECTOR

Worked for BZW from 1983, where he led a number of successful research teams, joining Commerzbank in 1999 to begin his career as a Portfolio Manager. In 2005 moved to Lehman Brothers as Managing Director of the Long Term Value Fund. Joined Ruffer in 2008.



### Alex Jamieson

RESEARCH BUSINESS DIRECTOR

Joined Ruffer in 2012 as Risk and Attribution Manager, moving to the Ruffer Mid and Smaller Companies team in 2014. Prior to this, he spent four years at F&C Investments and State Street. Holds a Masters degree in international financial analysis from Newcastle University. He is a CFA charterholder.



## Ruffer LLP

Ruffer LLP manages investments on a discretionary basis for private clients, trusts, charities and pension funds. As at 31 August 2021, assets managed by the Ruffer Group exceeded £22.9bn.

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